



Douglas County Internal Audit

August 20, 2013

Douglas County Board of Commissioners
1819 Farnam Street, Suite LC2
Omaha, NE 68183

Attention: Marc Kraft, Mary Ann Borgeson, Clare Duda, Mike Boyle, PJ Morgan,
Chris Rodgers and Pam Tusa

Tom Cavanaugh, Douglas County Clerk/Comptroller
1819 Harney St., Room H08
Omaha, NE 68183

Dear Commissioners and Mr. Cavanaugh:

I have completed an audit of Douglas County payroll processing. The purpose of the audit was to assess the adequacy and effectiveness of the control processes used to prepare payroll each pay period. The audit revealed that, overall, controls were adequately designed and worked effectively. Details related to the testing appear below.

Background

As part of the fiscal year-end audit plan, Douglas County Internal Audit performs internal control testing for the Douglas County external audit firm, Hayes and Associates, LLC. The external auditor uses the test data provided by Internal Audit to formulate a professional opinion about the County's year-end financial statements. Below are the details related to tests of the controls for processing the County's payroll.

Objectives

The objectives of the audit were to determine that:

- Employees are paid based upon rates that are properly authorized by appropriate County officials.
- Employees are paid based upon time that is accurately recorded and properly authorized and approved.
- Gross compensation, tax withholdings, deductions and net pay are recorded completely and accurately.

Scope and Methodology

The audit included a review of twenty-five randomly chosen employees' pay from five randomly chosen pay periods from July 1, 2012 through June 30, 2013. The sample was chosen from Oracle payroll data and included tests to verify that:

- Pay rates were approved by Board resolution or included in the appropriate union contracts.
- The time recorded in the payroll period for each employee was properly authorized and approved.
- Gross pay, tax withholdings, deductions and net pay were properly calculated.
- All deductions were properly authorized by the employees and included in the Deduction Report.

Findings

There were no issues identified.

Audit Standards

Internal Audit conducted this audit in accordance with generally accepted government auditing standards. Those standards require that the audit is planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. Internal Audit believes that the evidence obtained provides a reasonable basis for its findings and conclusions based on the audit objectives.

Internal Audit has reviewed this information with the Chief Deputy Douglas County Clerk. Internal Audit appreciates the excellent cooperation provided by the Clerk/Comptroller's office and various other departmental managers and their staff. If you have any questions or wish to discuss the information presented in this report, please feel free to contact me at (402) 444-4327.

Sincerely,

Mike Dwornicki
Internal Audit Director

cc: Paul Tomoser
Joni Davis
Trent Demulling
Donald Stephens
Patrick Bloomingdale

Joe Lorenz
Diane Carlson
Kathleen Hall
Jerry Prazan
Mark Rhine